

**Peoples/North Shore Gas Co. Management Audit  
Telephonic Vendor Conference  
September 28, 2006, 11:00 a.m.  
Hearing Room C  
Agenda**

Welcome & Introductions	Ken Hundrieser
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Explanation of Proposal Process	Ken Hundrieser
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Explanation of Engagement	Bill Voss
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Q&A	Ken Hundrieser
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Due Date & Time	Ken Hundrieser
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## 1. Welcome & Introductions

- State Purchasing Office Ken Hundrieser  
Will Serve As Protest Review Officer
- Contracting Officer Bob Bishop  
Will Answer Questions During Bid Preparation  
Will Conduct Bid Opening  
Will Check Proposals For Administrative Compliance  
Will Relay Questions During Evaluation Process  
Will Draft Contract
- Project Manager Bill Voss  
Technical Evaluation Team Leader  
Primary Contact once Contract is Signed

## 2. Explanation of Proposal Process

- Contact Until Contract Is Signed {3.2} Bob Bishop  
217-557-7969  
[bbishop@icc.illinois.gov](mailto:bbishop@icc.illinois.gov)
- All Questions During the Proposal Preparation Process Must be Addressed to Bob Bishop; not to the Project Manager.
- Questions & Answers Will Be Posted To the ICC website if appropriate: [www.icc.illinois.gov/](http://www.icc.illinois.gov/) {3.3}
- Proposals Due October 19<sup>th</sup> @ noon {3.4}  
Original + 5 Copies + CD (in Word)  
No Price Information on CD  
Price Proposal Sealed Separately {3.6}
- Administrative Compliance will be checked first {Sections 3 and 5}
- May call Vendors for clarifications or additional information

- Vendor should review the Confidentiality Agreement at Attachment 1 which will need to be signed by successful vendor.
- Must Submit all 8 Attachments in Section 5.2.9 For Primary Vendor and for Each Subcontractor
- Compliant Proposals will be passed to Technical Evaluation Team
- Responsiveness Evaluation Criterion:
  - Understanding the Task
  - Work Plan
  - Consulting Firm's Qualifications
  - Personnel Qualifications
  - Soundness of Approach
  - Optional Interviews {6.3.3.3}
- Price will Only Be Considered For Vendors Who Receive  $>2/3$  of Responsiveness Points {6.3.3.2}
- May Ask Top-Rated Vendor(s) for a "Best and Final Offer" {7.2.4}
- Notice of Award Will Be Published in the Illinois Procurement Bulletin [www.purchase.state.il.us](http://www.purchase.state.il.us)
- Contract Will Be Drafted and Sent to Vendor for Signature. Contract Is Not Executed, and Work Will Not Begin until Contract is Fully Signed by ICC Executive Director.
- Contract Will Be A "Not To Exceed" Contract. Billed Based on Hours Worked. Expenses Will Not be Billed, Must be Figured In the Hourly Rate. {5.3.2 & 5.3.3}
- The ICC Is the Client on this Engagement, Peoples and North Shore Gas will Pay Bills Only After the ICC has Reviewed and Approved them. {5.3.4.1}

- There Is a 10% Retainage Withheld on All Professional Fees Until All Contractual Obligations Within the Control of the Vendor Have Been Fulfilled. {5.3.4.2}

### 3. Explanation of Engagement

Project Manager Bill Voss

Tom Griffin, of the Commission's Chicago office, will assist on this project.

The Commission determined a need for this management audit in two recently-completed purchase gas adjustment reconciliation proceedings. As described in the RFP, the Commission addressed the gas procurement and related issues for Peoples Gas and North Shore in the Orders for Docket No. 01-0707 and Docket No. 01-0706. In these purchase gas adjustment reconciliation Orders, the Commission determined that certain transactions improperly raised gas costs to ratepayers. An August 4, 2006, Staff Report asked the Commission to provide additional guidance on the oversight and management of the management audit of gas purchasing practices, gas storage operations, and gas storage activities. In response to the August 4 Staff Report, the Commission issued its August 16, 2006, Order for Docket No. 06-0556.

The due date for the final management audit report is January 16, 2008. The final management audit report will consist of a public version and a confidential version, if needed. If and as requested by the Commission, the Vendor and the Commission Staff will make a formal presentation to the Commission at an open meeting.

The responsibilities of Peoples Gas and North Shore, the Vendor, and the Commission Staff are enumerated in item 5 of the Joint Proposal of Oversight and Management of Joint Management Audit document; this document can be found on the Commission's e-Docket web site, under Docket No. 06-0556, as Attachment B to the August 4, 2006, Staff Report.

Take special note of the following items within this RFP:

- Section 4.3.1.2.2—The listing and discussion of conflicts of interest includes all of the parties to Docket No. 01-0707 and Docket No 01-0706 including the Utilities, the Citizens Utility Board, the Illinois Attorney General, the Cook County State’s Attorney, and the City of Chicago.
- Section 4.3.1.5—Note the insurance provisions.
- Section 4.3.1.7—This RFP does not require the preparation of expert witness testimony although expert witness testimony may be required at a later date.
- Section 4.6—Note the staffing specifications
- Section 4.7—The work location shall be primarily at the Utilities’ offices in Chicago but also could include other locations of the Utilities such as Manlove Storage Field as well as the Commission’s offices in Chicago and Springfield
- Section 4.8.2—Take careful note of this section on confidentiality. Vendor shall assume that all information received pursuant to this Contract is confidential unless told otherwise. Provide a description of how you will safeguard confidential information. Also, note that the Vendor shall enter into a separate confidentiality agreement with the Utilities.
- Section 4.9.6—This section requires that the Vendor shall provide all original source documents and all work produced under the Contract to the Agency upon demand.
- Section 5.2.9—Vendor must provide a minimum of two references for projects performed for public utility commissions. See Attachment C—References.
- Section 5.3—This RFP is to be bid on fees only. No expenses will be reimbursed. Expenses should be included in the hourly rates.

With the full cooperation of Peoples Gas and North Shore, as well as the Vendor, this audit will produce a quality work product that is both on time and on budget.

#### 4. Questions & Answers:

Q. Are there Minority Business Enterprise/Business Enterprise Program requirements for this project?

A. No. However vendors are required to complete the Minority, Female, Person with Disability Status and Subcontracting - Attachment E of the State Forms as well as all of the other State Forms in Section 5.2.9 of the RFP.

Q. Section 4.9.1 of the RFP states the contract end-date shall be March 14, 2008. Audits are typically completed in much shorter time frames. Why does the contract end-date go out so far?

A. The Commission's Order states that the audit should be completed within 18 months which would be February 16, 2008. The contract end-date was moved out to March 14, 2008 to give the Commission scheduling flexibility if it desires to have the Vendor make a formal presentation of its audit report at an open Commission meeting. A vendor is free to propose an earlier audit completion date if the vendor believes that it can fully complete the goals and objectives of the specified project in less time.

Due to the pending merger of Peoples Energy and WPS Resources, a quick start to the audit is recommended before changes in procedures and personnel occur.

Q. Are Vendor's expected to respond to Section 5.3.6 (Tax Exemption) of the RFP?

A. No. Section 5.3.6 of the RFP is standard State boilerplate language that simply identifies the State's tax exemption number.

## 5. Due Date and Time

- Proposals are due by Noon CDT on October 19, 2006
- Bid opening will be at 1:00pm on October 19, 2006